

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 356 - SB 404

February 24, 2017

SUMMARY OF BILL: Authorizes local boards of education to provide payroll deductions for dues of professional employees' organizations. Authorizes local boards of education to withhold up to 10 percent of professional organization dues for administrative purposes.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds \$100,000/Permissive
Increase Local Expenditures – Exceeds \$100,000/Permissive

Assumptions:

- The provisions of the bill are permissive; however for the purpose of this analysis, it is assumed that all local education agencies (LEAs) will begin payroll deductions in FY17-18.
- There are two major educator professional organizations: The Tennessee Education Association (TEA), and the Professional Educators of Tennessee (PET).
- Based on information provided by the Comptroller of the Treasury, TEA has approximately 46,000 members with professional dues of \$187 annually and PET has 20,000 members with professional dues of \$189 annually.
- It is unknown the extent to which local boards of education will adopt the provisions of this bill. However, given the 64,939 active teachers statewide (according to the latest state report card), as well as the widespread membership in professional organizations among teachers, it is reasonably estimated that the permissive recurring increase in local revenue, as well as the permissive recurring increase in local expenditures for the provision of such administrative services will exceed \$100,000.
- At the average annual rate of \$188 per year $[(\$187 + \$189) / 2]$, and assuming any adopting local education board elects to implement the maximum 10 percent administrative fee (approximately \$18.80 per member each year), the above estimated recurring local revenue and recurring expenditures of \$100,000 each represents a minimum of 5,319 members $(\$100,000 / \$18.80)$ electing to have their dues withheld from wages each year, which is equivalent to a minimum 8.1 percent of total membership $[5,319 / (46,000 \text{ TEA members} + 20,000 \text{ PET members})]$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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